

## Examination of Factors Affecting Earnings Management Practices: Evidence from ISE

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Management can utilize flexibilities for manipulating financial statements in order to mislead stakeholders. One of the most common ways to manipulate earnings is using accruals. This study aims to find discretionary accrual behaviors of Turkish listed firms and underlying factors of these behaviors in 2008 crisis. Discretionary accruals models are applied for detecting earnings management practices of listed firms. Performance matched model of Kothari et.al without intercept is selected in estimating discretionary accruals and discretionary accruals of firms for 2008 are computed.

Main findings of the study reveal that there is a significant inverse relationship between percentage of publicly held shares and discretionary accruals. In other words, the more a company has diffused ownership, the less it manipulates earnings. Results also expose no relationship between board of director characteristics and discretionary accruals and there is an inverse relation between asset sizes of companies and discretionary accruals, though significance is low.

**Keywords:** Earnings Management, Ownership Structure, ISE.